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IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1939

No. 671

SONTAG CHAIN STORES CO., LTD.,
a corporation,

Petitioner,

vs.

NATIONAL NUT COMPANY OF CALIFORNIA,
a corporation,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR PETITIONER

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INDEX.

	PAGE
Preliminary Statement	1
Opinions Below	2
Jurisdiction	2
Statute Involved	2
Statement of Case	3
Specification of Errors	9
Summary of Argument	10
Argument	12
Introductory	12
I. The right to a reissue patent with broadened claims is purely an equitable right, and, as such, is subject to be defeated by other equitable rights	13
II. Under the early statutes and the decisions construing them, the interests of the public or the intervening user had little, if any, protection. Great abuses resulted	14
III. Some of the abuses under the reissue statute have been curtailed since 1882, when this court first formulated the doctrine of laches with respect to broadened claims	22
IV. The almost uniform recognition by the lower courts of the need for protecting intervening users has led to a variety of results and reasoning	31

PAGE

V. This court should establish a simple rule, consistent with present conditions, for the protection of intervening rights where the broadened reissue is applied for within two years 39

VI. In the case at bar any theory which supports the defense of intervening rights requires a reversal of the decree of the court below 49

Conclusion 55

Appendix A 57

Appendix B 59

CITATIONS.

Abercrombie & Fitch v. Baldwin, 245 U. S. 198 29

Agawam Company v. Jordan, 7 Wall. 583 19

Altoona Theatres v. American Tri-Ergon Corp., 294 U. S. 477 30

American Automotoneer Co. v. Porter, 232 Fed. 456 37

American Soda Fountain Co. v. Zwietusch, 75 Fed. 73 35

Arnheim v. Finster, 26 Fed. 277 52

Ashland Firebrick Co. v. General Refractories Co., 27 Fed. (2d) 744 ..... 35, 40

Autopiano Co. v. American Player Action Co., 222 Fed. 276 38

Bantz v. Frantz, 105 U. S. 160 26

Battin v. Taggert, 17 How. 74 19

Burr v. Duryee, 1 Wall. 577 24

PAGE

Bull Dog Floor Clip Co. v. Munson Mfg. Co., 19 Fed. (2d) 43 34

Casey v. Galli, 94 U. S. 673 40

Christman v. New York Air Brake Co., 1 Fed. Supp. 211 40

Clements v. Odorless Company, 109 U. S. 641 28

Coon v. Wilson, 113 U. S. 268 26

Crown Cork & Seal Co. v. Aluminum Stopper Co., 108 Fed. 845 37

Dunham v. Denison, 154 U. S. 103 27

Duplate Corporation v. Triplex Safety Glass Co., 298 U. S. 448 2

Electric Gas Lighting Co. v. Boston Electric Co., 139 U. S. 481 26

Electric Storage Battery Co. v. Shimadzu, 307 U. S. 5 14

Gibbons v. Ogden, 9 Wheat. 1 20

Goodyear v. Day, Fed. Cas. No. 5566 19

Grant v. Raymond, 6 Peters 218 14

Hecht v. Malley, 265 U. S. 144 14

Horn & Brannen Mfg. Co. v. Pelzer, 91 Fed. 665 37

Howe Machinery Co. v. Coffield Motor Washer Co., 197 Fed. 541 37

Hudson County Water Company v. McCarter, 209 U. S. 348 12

Ives v. Sargent, 119 U. S. 652 52

James v. Campbell, 104 U. S. 356 ..... 13, 24, 39

Keller v. Adams-Campbell Co., 287 Fed. 838, 841 ..... 8, 33, 50

Keller v. Adams-Campbell Co., 264 U. S. 314 29

PAGE

Kendall v. Winsor, 21 How. 322 39
Latimer v. U. S., 223 U. S. 501 14
Leggett v. Avery, 101 U. S. 256 21
Mahn v. Harwood, 112 U. S. 354 ..... 24, 39
Matthews v. Boston Machine Co., 105 U. S. 54 26
Miller v. Bridgeport Brass Co., 104 U. S. 350 ..... 13, 22, 39
Motion Picture Patents Co. v. Universal Film Mfg. Co., 243 U. S. 502 39
Moto Meter Gauge & Equipment Corp. v. E. A. Laboratories, Inc., 55 F. (2d) 936 40
O'Reilly v. Morse, 15 How. 62 ..... 20, 21
Otis Elevator Co. v. Atlantic Elevator Co., 47 Fed. (2d) 549 ..... 32, 40, 45
Parker v. Haworth, 4 McLean 372 19
Parker Co. v. Yale Clock Co., 123 U. S. 87 26
Pennock v. Dialogue, 2 Pet. 1 ..... 16, 39
Rancourt v. Panco Rubber Co., 67 Fed. (2d) 790 38
H. W. Roos v. McMillan, 64 Fed. (2d) 568 ..... 36, 41
Sessions v. Romadka, 145 U. S. 29 14
Sontag Chain Stores Co. v. National Nut Co. of Cal., 107 F. (2d) 318 ..... 2, 31
Standard Brick Co. v. Denison Corp., 285 Fed. 108 37
Stimson v. The Westchester Railroad Co., 4 How. 380 18
Supreme Mfg. Corp. v. Security Mfg. Co., 299 Fed. 65 33
Topliff v. Topliff, 145 U. S. 156 26
Turner & Seymour Mfg. Co. v. Dover Stamping Co., 111 U. S. 319 28
U. S. v. Elgin, Joliet & Eastern Ry. Co., 298 U. S. 492 14
Webster Electric Co. v. Splitdorf Electric Co., 264 U. S. 463 40

PAGE

White v. Dunbar, 119 U. S. 47 26

Wichita Visible Gasoline Pump Co. v. Clear Vision Pump Co., 19 Fed. (2d) 435 33

Wing v. Anthony, 106 U. S. 142 26

STATUTES.

Reissue Statute of 1832 (4 Stat. 559) 16

Reissue Statute of 1836 (5 Stat. 117) 16, 17

Reissue Statute of 1928 (45 Stat. 932; 35 U. S. C. 64) 2

53 Stat. 1212; 35 U. S. C. A. 31 43

MISCELLANEOUS.

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PAGE

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BRIEF FOR PETITIONER

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

This case is before the Court on certiorari to review a decree of the United States Circuit Court of Appeals for the Ninth Circuit (104 Fed. (2d) 318), reversing the decree of the District Court (R. 95), and holding that

petitioner had infringed Reissue No. 20,204 (granted June 30, 1936) of Kohler Patent 1,958,409 (granted May 15, 1934), by continuing, after grant of the reissue, to use a nut treating machine petitioner had commenced to use after the original patent was issued and before application for the reissue was filed. Both decrees turned upon the question of intervening rights in relation to the broadened claims of said reissue patent, and this court took the case upon petitioner's assertion that this was the question involved.

Opinions Below.

The opinion of the Circuit Court of Appeals appears at 107 Fed. (2d) 318 (Advance Sheets, January 1, 1940); and is to be found at page 282 of the record. The district court filed no memorandum of opinion. The findings of fact and conclusions of law entered by the district court are at pages 89 to 94 of the record.

Jurisdiction.

The jurisdiction of this court is invoked under Section 240(a) of the Judicial Code, as amended by the Act of February 13, 1925 (28 U. S. C. 347 (a)). Cases believed to sustain the jurisdiction in this instance are *Keller* v. *Adams-Campbell Co.*, 264 U. S. 314, 318; *Duplate Corporation* v. *Triplex Safety Glass Co.*, 298 U. S. 448, 452. This court granted certiorari on March 4, 1940.

Statute Involved.

The statute involved in this case is Section 4916, Rev. Stat. as amended May 24, 1928, Chapter 730, 45 Stat. 732; 35 U. S. C. 64, a copy of which is set forth as Appendix A at page 57.

STATEMENT OF CASE.

On or about March 18, 1935 petitioner, Sontag Chain Stores Co., Ltd. procured the accused machine from The Susu Nut Co. of Chicago. It installed and started to use said machine in its store at San Francisco about April 1, 1935 (R. 79). At that time petitioner had not learned of the Kohler patent, of which respondent was assignee (R. 77).

The Susu Nut Co. had been active since 1931 in developing and selling machines for heating nuts (R. 131, 136, 137). It started to manufacture and sell machines like the accused machine before August, 1934 (R. 143, 146, 147). Another company, Nut Products Co., also had been engaged since 1931 in developing and marketing nut toasting or warming machines invented by William Willard Kelly and shown in Kelly patent 1,945,196 (R. 113, 155, Deft's Ex. M).

Sometime prior to October 8, 1935 the president of respondent observed the accused machine in a store of petitioner. He then discussed the similarity of respondent's machine to that of petitioner's with various people and gave consideration to the question of bringing suit for infringement (R. 105).

On October 8, 1935, respondent sent petitioner notice that its use of the accused machine was an infringement of respondent's patent (R. 71). This notice gave petitioner its first knowledge of the original patent (R. 77). While the record is not clear as to the exact time, it is apparent that respondent's knowledge of petitioner's machine was acquired at least some weeks prior to such notice (R. 105).

On October 19, 1935, respondent instituted suit in the United States District Court (case 3941-S), charging

petitioner with infringement of its original patent and also of a design patent (R. 9). Petitioner answered (November 22, 1935) denying infringement (R. 12), and continued to use the accused machine (R. 80). We are not here concerned with the design patent because both of the courts below held that the accused machine did not infringe that patent (R. 94, 284).

On January 15, 1936, respondent applied for a re-issue of its patent, asserting seventeen claims, the first four of which were identical with the four claims of original patent No. 1,958,409 (R. 338, 346). The thirteen additional claims were of broader scope and were framed to cover the machine being used by the petitioner (R. 92).[1]

In Kohler's oath accompanying the application for reissue, which sets forth the grounds upon which said reissue was thought to be justified, it was asserted that respondent's former patent attorney "failed to grasp the full and broad significance of all the novel features of the invention and omitted to adequately define and claim the invention in all of its aspects." In that same oath Kohler stated that the "errors and insufficiencies of the specification and claims were inadvertently overlooked by him when the application was read by him prior to its execution" and that "he and his assignee rested secure in the belief of adequate protection covering his invention, and in his confidence in his attorney, until November, 1935 at which time circumstances attending certain pending litigation involving the present and other inventions prompted deponent and his assignee to seek advice relative to the extent of protection secured

[1] The District Court found (and the Court of Appeals did not deny) that most of the new claims of the reissue patent were framed on interrogatories propounded by respondent and answered by petitioner (R. 92).

by various patents owned by deponent's assignee including the one referred to in the foregoing petition." (Pltf's Ex. A, R. 101, Appendix B.)

Respondent did not notify petitioner of its application for a reissue. On the contrary, by keeping the petitioner busy from December 16, 1935 until May 16, 1936 with interrogatories in Suit No. 3941-S (R. 61-80), respondent led petitioner to believe that respondent relied on its original patent. Petitioner continued to use the accused machine in reliance upon respondent's assertion of the narrow claims of the original patent.

On June 30, 1936 reissue patent No. 20,024 was granted to respondent. This reissue patent contained the four original narrow claims and the thirteen broadened claims above referred to (R. 92, 337).

On June 26, 1936, respondent moved to amend its bill of complaint in the original suit and to file an amended and supplemental bill to include a charge of infringement of the reissue (R. 17). On September 18, 1936 the trial court denied the motion in so far as it sought to add the broadened claims to its asserted cause of action, but allowed respondent to file an amended and supplemental bill based upon the first four claims of the reissue (R. 17), which, as noted, were the same as the four claims of the original patent. Thereafter on January 11, 1937, such an amended and supplemental bill was filed (R. 18).

On January 26, 1937, nearly six months after the reissue (and fifteen months after first notice of infringement of the original patent), respondent instituted a new suit (Case 4133-S) charging petitioner with infringement of all the broadened claims of the reissue patent by reason of petitioner's *use* of machines (R. 42-51). In its answer in this suit petitioner asserted that

respondent was estopped to assert the broad claims 5 to 17 of the reissue patent against petitioner because petitioner acquired intervening rights and had publicly used the accused device in reliance on the narrow claims of the original patent (R. 58), and it also asserted the reissue to be invalid because respondent was guilty of laches in applying for the same (R. 59). The two cases, 3941-S on claims 1 to 4 of the reissue, and 4133-S on the broadened claims (5 to 17) of the reissue, were consolidated for purposes of trial (R. 84, 86).

In advance of the trial respondent stated that it would not rely upon claims 1 to 4 of the reissue patent (R. 86), thus conceding that petitioner's use of its machine had not infringed original patent No. 1,958,409. Since the issue relating to the design patent is not here involved, this proceeding, although originating in two separate suits, in reality is a review of the suit based on the reissue patent. Respondent's statement of claims relied upon (R. 87) selected only certain broadened claims, Nos. 6, 8, 9, 10, 11, 13, 14, 15 and 17, of the reissue.

The patent in suit, admitted by respondent to be a simple one (R. 110), shows three identical units, each comprising a rotating pan or receptacle over a heating unit with a stationary scraper extending into the pan to mix the nuts displayed therein (R. 333-346).

The original Kohler patent, No. 1,958,409, of which respondent is assignee, entitled Nut Buttering Machine, contained four claims (R. 346) all limited, among other things, to an apparatus provided with a housing having a circular opening in its top wall, *within* which opening a nut container is disposed, and also provided with a heating element so positioned that the heat therefrom will be directed upward.

In the accused device there are no openings in the

top wall of the motor housing; the nut receptacles are positioned above, not within, the top of the housing; and the heating elements are above rather than below the nuts. These differences freed the accused machine from infringement of the four original claims. In the broadened claims of the reissue, all of the mentioned limitations of original claims 1 to 4 are eliminated. Claim 6, for example, specifies that the nut receptacle shall be mounted *upon* the housing and that the heating element shall be spaced from the receptacle, without indicating the position of the element in relation to the receptacle.

At the trial it was conceded that the claims of the reissue relied upon were infringed if the patent were valid (R. 110).

The Decisions Below.

The case was submitted to the district court primarily upon the question of whether the petitioner on the facts above stated had acquired intervening rights (including those which would arise from laches of respondent) that would prevent respondent from obtaining injunctive relief against continued use of the accused machine (R. 93, 107), and secondarily, upon the question of the validity of the reissue over the prior art (R. 109). The district court held (R. 94) that the petitioner had acquired intervening rights and that in view thereof and the laches of respondent it was not necessary to consider other defenses. The district court also held that there was no infringement of the design patent (R. 94) and entered judgment for petitioner in both cases (R. 96).

On appeal the Circuit Court of Appeals (Judge Haney dissenting) reversed the district court with respect to the reissue patent (107 Fed. (2d) 318). It held, in substance, that since the application for the broadened re-

issue was filed within two years after grant of the original patent, any intervening rights would have to be based upon adverse use by the petitioner for at least two years prior to the application for reissue, or upon knowledge of and reliance upon the narrow claims of the original patent, or facts creating an estoppel. It also held that because petitioner *began* its use of the accused machine without actual knowledge of the original patent there were no facts upon which an estoppel could be predicated.

Although the decision of the Circuit Court of Appeals is silent on the question of whether an estoppel was created in favor of petitioner because of its *continuing* to use the machine for at least nine months after it learned of the original patent, in reliance upon the narrowness of the claims thereof and in reliance upon respondent's assertion of those narrow claims in a suit based on the original patent, and is also silent upon the question of whether respondent was guilty of laches, the holding of the Circuit Court of Appeals and the propositions of law formulated by it answer these questions in the negative.

Judge Haney dissented because he felt the conclusion of the majority of the court below overruled the prior decision of the same court in the case of *Keller* v. *Adams-Campbell Co.*, decided by the Court of Appeals for the Ninth Circuit (287 Fed. 838, 841). Judge Haney said:

> "In that case the reissued patent was issued less than two years after the original patent was issued, and the court held: 'We therefore think it clear that the appellees had and have such intervening rights as were properly protected by the court below.'" (107 Fed. (2d) 318, 335.)

Specification of Errors.

Petitioner intends to urge the errors specified in the petition, namely, that the Circuit Court of Appeals for the Ninth Circuit erred:

1. In enjoining petitioner from continuing the use of a machine that did not infringe respondent's original patent where petitioner's use of said machine began ten months before plaintiff filed an application for reissue to obtain broadened claims for the purpose of dominating petitioner's machine;
2. In failing to hold that respondent was guilty of unnecessary delay and laches in applying for a reissue to secure broader claims and therefore may not assert said reissue patent to prevent petitioner's continued use of said machine;
3. In holding that respondent was not estopped to assert the broadened claims of its reissue patent to prevent continued use of petitioner's machine where the use of said machines was begun by petitioner before the application for reissue was filed and where such use was continued in reliance upon the narrowness of all of the claims of the original patent, while respondent was pressing its suit against petitioner for infringement of said original patent.
4. In concluding "In the instant case there was admittedly no knowledge of or reliance on the scope of plaintiff's (respondent's) patent and no facts creating an estoppel."
5. In failing to affirm the decree of the district court in its entirety.
6. In granting any relief to respondent.

Summary of Argument.

Based historically on an 1832 decision of this court granting the traditional equitable relief for mistake, the right to reissue of a patent to correct a mistake was later in that year authorized by Act of Congress. The amendment of that Act in 1836 cast the mold of the statute which still substantially prevails.

The privilege of reissue was greatly abused. It was used largely to extend the claims of an original invention so as to monopolize later inventions of others obviously never thought of by the patentee. For years the courts overlooked the rights of the public and denied any recognition to the defense of the intervening rights.

Condemning this abuse, this court in 1882, while holding that the reissue statute did not in terms authorize reissues for the purpose of broadening claims, also held that such reissues might be granted in situations where equity would grant relief for the mistake. Also announced was the equitable doctrine that a patentee, desiring to broaden the claims of his patent, owed a duty of diligence requiring application for reissue before adverse rights were acquired by others.

As a consequence, the abuses under the reissue statute were somewhat curtailed. Broadened reissues have been invalidated by this court whenever intervening rights have existed, often but not always on the ground of laches. Although this seems an effective recognition of intervening rights, the court has never held that a reissue patent with broadened claims will be invalidated on that ground alone, where application for the reissue was made within two years.

Pressure on the lower courts in the last thirty or forty years to protect members of the public who have

ut to use advances in the art sought to be covered by he broadened claims of reissue patents, has resulted in ery widespread establishment of the defense of intervening rights. Lacking authoritative decision, the lower ourts have evolved a number of bases for their decisions, sometimes relying upon estoppel, sometimes upon aches (although application for reissue was made within the two-year period), and sometimes upon a kind of nding of non-infringement based upon a mixture of hese grounds.

It is submitted that proper protection of the intervening user and the public requires only that well established equitable principles be clarified and related to resent-day conditions: the patentee should be required o be diligent and to take action to obtain a reissue roadening the claims of his original patent before any ntervening use shall have arisen, even though application for reissue was made within two years of the grant f the original patent.

In the case at bar any theory recognizing the rights f the intervening user (even if application for reissue as made within two years of issuance of the original atent) requires a reversal of the decree below and protection of the petitioner's intervening rights.

ARGUMENT.

Introductory.

"All rights tend to declare themselves absolute to their logical extreme. Yet all in fact are limited by the neighborhood of principles of policy which are other than those on which the particular right is founded, and which become strong enough to hold their own when a certain point is reached." [2]

The case at bar presents a conflict between the interests of a patentee in broadening the monopoly sought by him under the patent laws, and the interests of the user of a machine which infringes, *not* the claims of the original patent issued to the patentee, *but only* the broadened claims of the reissued patent procured for the purpose of dominating that machine.

So far as those interests are merely private interests the conflict is easy of solution, for the intervening user in this case acted in good faith on a dedication to the public made by the patentee when he narrowly limited the field of his monopoly by the claims of the original patent. The patent system, however, is rooted in a constitutionally declared public interest in the promotion of "the progress of science and the useful arts" (Constitution, Article 1, Sec. 8, Cl. 8). Opposing that interest is the public interest in preventing unregulated monopolies, likewise a cornerstone of our system of government. How far the public policy behind the patent system should tip the balance otherwise clearly in the intervening user's favor is the question in this case.

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[2] Holmes, J., in *Hudson County Water Company* v. *McCarter* (1907) 209 U. S. 348, at page 355.

I.

The right to a reissue patent with broadened claims is purely an equitable right, and, as such, is subject to be defeated by other equitable rights.

The *method* of broadening the claims of a patent by reissue is provided by Section 4916 of the Revised Statutes (as amended May 24, 1928), which in all substantial respects is the same as Section 13 of the Act of 1836 (5 Stat. 117). When it is said that this section provides the method of amendment, it should at once be noted that it does not in terms authorize the broadening of claims. *Miller* v. *Bridgeport Brass Co.*, 104 U. S. 350 (1882) so held, but the court then provided the missing authority by holding that claims may be enlarged "when an actual mistake has occurred, not from a mere error of judgment (for that may be rectified by appeal), but a real *bona fide* mistake, inadvertently committed, such as a court of chancery, in cases within its ordinary jurisdiction, would correct." (p. 355.) As was said in *James* v. *Campbell*, 104 U. S. 356, decided the same day as *Miller* v. *Bridgeport Brass Co.*, a mistake in making too narrow a claim could be remedied by "a speedy application for its correction, *before adverse rights have accrued* * * *" (p. 365). Thus, the ground for broadening the claims of a patent under the statutory authority really rests not on the letter of the statute but outside it, and on the equitable ground stated in *Miller* v. *Bridgeport Brass Co.* But the court contemporaneously indicated that this equitable enlargement was subject to equitable limitation in favor of those having "adverse rights."

It may fairly be said that in both respects these two decisions followed what had been forecast by Chief

Justice Marshall fifty years before in *Grant* v. *Raymond*, 6 Peters, 218, the decision resulting in the first statute relating to reissues. Although reenactment in 1928 (without change in this respect) of the statute thus construed in 1882 presupposes congressional adoption of the construction (*Electric Storage Battery Co.* v. *Shimadzu*, 307 U. S. 5, 14; *Hecht* v. *Malley*, 265 U. S. 144, 153; *U. S.* v. *Elgin, Joliet & Eastern Ry. Co.*, 298 U. S. 492, 500; *Sessions* v. *Romadka*, 145 U. S. 29, 42; *Latimer* v. *U. S.*, 223 U. S. 501, 504), that construction is an equitable one requiring application of equitable principles: the questions for solution here cannot be answered by the dry formalism of literal interpretation of language read, by this court, into a statute first formulated in 1836.

II.

Under the early statutes, and the decisions construing them, the interests of the public or the intervening user had little, if any, protection. Great abuses resulted.

Although the Patent Act of 1793 (1 Stat. 318) made no provision for reissues, Dr. Thornton, for many years superintendent of the patent office, had adopted on his own responsibility the practice of accepting the surrender of patents and issuing new ones, sometimes without further fee ("Reissued Patents and Intervening Rights," 43 Yale Law Journal, 766, 770). Pursuant to this practice, a patent relating to a hat making machine, which had been issued in 1821, was reissued in 1825, apparently with broadened claims.

In 1832 the validity of the reissued patent came before the court in *Grant* v. *Raymond*, 6 Peters, 218. Chief Justice Marshall delivered the opinion of the court and sustained the reissued patent, saying:

"If the mistake should be committed in the department of state, no one would say that it ought not to be corrected. All would admit that a new patent, correcting the error, and which would secure to the patentee the benefits which the law intended to secure, ought to be issued. And yet the act does not in terms authorize a new patent, even in this case. Its emanation is not founded on the words of the law, but is indispensably necessary to the faithful execution of the solemn promise made by the United States. Why should not the same step be taken for the same purpose, if the mistake has been innocently committed by the inventor himself?" (p. 241).

Mr. Webster's argument strongly stated the plight of the intervening user.[3] The court said, however, that the question thus raised "is not before the Court, and is not involved in the opinion we are considering. *The defense when true in fact may be sufficient in law,* notwithstanding the validity of the new patent." (6 Peters, p. 244, italics supplied.) Thus, in this first case the very question in the case at bar was considered, and while not passed upon, the language of the Chief Justice should have been an effective warning to patentees to be diligent.

[3] "A man builds an expensive factory, puts in costly machinery not patented, not described in any specification; he expends much money; by and by he is sued for violating a patent, and he finds that since he built, an old patent has come out with a new specification. A hearing, of which he knew nothing, has been had before the secretary, and a new patent has issued, and he is called on to stop his factory. Now this supposed case is the very case before the Court. The defendants erected their works in 1823, 1824. They knew o. the plaintiff's patent of August 11, 1821, but it did not describe any machinery used by them. But in 1825, he surrendered his first patent, took out another, with a specification describing their machinery, and sued them. Under the direction of the Court he has recovered a verdict for three thousand two hundred and sixty-six dollars; and is entitled, of course, to have this trebled, and the defendants are ruined. Is this legal? A bill in equity is pending also to stop the defendants' factory." (6 Pet. 229).

Following this decision, the first Act with respect to reissues was passed by Congress on July 3, 1832 (4 Stat. 559). It provided that, "Wherever any patent * * * shall be invalid or inoperative, by reason that any of the terms or conditions prescribed in the third section of the said first-mentioned Act [of 1793] have not, by inadvertence, accident, or mistake, and without any fraudulent or deceptive intention, been complied with on the part of the said inventor, it shall be lawful for the Secretary of State, upon the surrender to him of such patent, to cause a new patent to be granted * * *."

It is important to note two circumstances relating to patents which prevailed during the early years. First, under the Act of 1793, public use prior to an application for a patent would defeat the application (*Peunock* v. *Dialogue*, 2 Peters, 1). Second, until the Act of 1836 there was no distinction in a patent between the *description*, the purpose of which is to disclose the invention to the public, and the *claim*, which establishes the scope of the patentee's monopoly afforded by the patent. Consequently, the same statements and recitals served both purposes.

It appears, therefore, that at the time of the adoption of the Act of 1832 there was justification in the practical situation for authorizing a reissue because (1) the inventor was under pressure to file his application even if he might not feel that his invention was perfected, and (2) the improvement possible by a reissue affected the description and the claim alike, so that the dedication to the public (which would be a matter of general public interest) would of necessity also complete the protection of the inventor, a matter primarily of private interest.

On the other hand, the Act of 1836, section 6, changed

the provisions as to what the patentee was required to do, and required that he should "deliver a written description of his invention or discovery, and the manner and process of making, constructing, using, and compounding the same, in such full, clear, and exact terms, avoiding unnecessary prolixity, as to enable any person skilled in the art or science to which it appertains, or with which it is most nearly connected, to make, construct, compound, and use the same; * * * *and shall particularly specify and point out the part, improvement, or combination, which he claims as his own invention or discovery.*" (5 Stat. 117.) (Italics ours.)

The Act of 1832 with respect to amendments was repealed. Section 13 of the Act of 1836 provided in lieu thereof (5 Stat. 117):

> "That whenever any patent which has heretofore been granted, or which shall hereafter be granted, shall be inoperative, or invalid, by reason of a defective or insufficient description or specification or by reason of the patentee claiming in his specification as his own invention more than he had or shall have a right to claim as new; if the error has or shall have arisen by inadvertency, accident, or mistake, and without any fraudulent or deceptive intention, it shall be lawful for the Commissioner, upon the surrender to him of such patent, and the payment of the further duty of fifteen dollars, to cause a new patent to be issued to the said inventor, for the same invention, for the residue of the period then unexpired for which the original patent was granted, in accordance with the patentee's corrected description and specification * * *."

Thus, by the year 1836 there were important changes from the situation prevailing when *Grant* v. *Raymond* was decided. The right to the reissue of a patent in the case of an inadvertent failure to comply with the statu-

tory requirements had been established by statute. The patentee, by the change in the patent laws made in 1836, was required to state what he claimed as his invention. It was still the law, however, that public use of an invention prior to application for a patent would defeat the application.

A further very important change in the law was made in 1839. An Act was then passed which provided that no patent should be held to be invalid by reason of use prior to the application for a patent unless such use had been longer than two years (5 Stat. 353). There can be no doubt that this provision, by affording patentees more time to perfect their inventions, should have diminished the incidence of error in patents thereafter issued. The combination of these Acts of 1836 and 1839, requiring the patentee to claim specifically the field of his desired monopoly, and giving him a reasonable time within which to do so, should have gone far to relieve the situation that the reissue statute was designed to remedy.

It was, nevertheless, many years before the interest of an intervening user was given any real recognition. In 1846 such rights were denied in the case of *Stimpson* v. *The Westchester Railroad Company*, 4 How. 380, involving the reissue in 1835 of a patent issued in 1831, the reissue having been made pursuant to the statute of 1832. The trial court had charged the jury that since the defendant had constructed their railroad using the plaintiff's device one year or more before the plaintiff's application for his renewed patent "they may continue its use without liability to the plaintiff." (4 How. 380, at 402.) This court, however, while basing its decision on the clear provisions of the statute of 1832, (which in terms foreclosed the defense of intervening rights), indi-

ated an attitude very adverse to the defense of intervening rights.

Thereafter, and until 1882, the defense of intervening ights was but seldom presented, and whenever it was resented it was unsuccessful (*Battin* v. *Taggert*, 17 low. 74, 84 (U. S. 1854); *Agawam Company* v. *Jordan*, Wall. 583, 609 (1869); *Goodyear* v. *Day*, Fed. Cas. 5566 C. C. D. N. J. 1852).

The early attitude of the courts toward the original nventor was in harmony with the thought of the day. Our patent system had been founded on the "natural ight" theory that the inventor had created something ut of nothing [4] and that, if he chose to permit the pubc to use his discovery on any terms, however onerous, he latter had no reason to complain.[5] It was impossible or the inventor to overcharge the public or otherwise urden it, since he owned his idea and, as such owner, ad the right to do as he pleased with it. This philosphy had played an important part in the inclusion in he constitution of a clause permitting patents.[6]

But a factor, probably more important than any bare hilosophy in fixing the views of the courts from 1787 own to 1882, was the public attitude toward inventions. he age of inventions had begun in America as well as in urope. Franklin's invention of a stove [7] and his experi-

[4] Walker, Patents, § 6.

[5] *Parker* v. *Haworth*, 4 McLean, 372 (1848).

[6] See Madison's statement in the Federalist, and his draft of a clause, oted in Fenning, "The Origin of the Patent and Copyright Clause of e Constitution," 17 Georgetown Law Journal, 109.

[7] In writing of the success of his stove, Franklin, Autobiography (I arvard Classics, 116) wrote:

"Governor Thomas was so pleased with the construction of this stove, as described in it, that he offered to give me a patent for the sole vending of them for a term of years; but I declined it from a principle which has ever weighed with me on such occasions, viz. That, as we enjoy great advantages from the inventions of others,

ments with electricity had early attracted attention. The invention of the cotton gin had stimulated a greatly increased production of cotton. In the expanding republic, public imagination was repeatedly fired by great inventions that would facilitate the rapid development of the country. The steamboat had proved a great success bringing cheap and relatively rapid transportation along the waterways.[8] The advent of the railroads and the successful use of steam as a universal motive power met with great public enthusiasm. Morse then invented his telegraph,[9] and in the same decade the sewing machine, the reaper and a process for vulcanizing rubber were conceived. The inventor, as such, was a public hero. This was reflected by the Congress and the courts, which went to great lengths to guard his interests.

The abuse of the reissue privilege, however, became so extensive that public reaction against it inevitably followed. Reissues were freely availed of to obtain for a patentee the advantage of a monopoly in development of the art, and even of inventions, long subsequent to his invention. By no means the most glaring example of this was found in the patent covering the Morse Recording Telegraph, among which were reissue No. 117,

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we should be glad of an opportunity to serve others by any invention of ours; and this we should do freely and generously.

"An iron monger in London however, assuming a good deal of my pamphlet, and working it up with his own, and making some small changes in the machine, which rather hurt its operation, got a patent for it there, and made, as I was told, a little fortune in it. And this is not the only instance of patents taken out for my inventions by others, tho' not always with the same success, which I never contested, as having no desire of profiting by patents myself, and hating disputes. The use of these fireplaces in very many houses, both of this and the neighboring colonies has been, and is, a great saving of wood to the inhabitants."

[8] See *Gibbons* v. *Ogden*, 9 Wheat. 1, (1824).

[9] One of four; see *O'Reilly* v. *Morse*, 15 How. 62, 107, 108 (1853).

granted June 13, 1848, as a reissue of reissue No. 79, January 15, 1846, which was a reissue of patent No. 1647 granted June 20, 1840 (see *O'Reilly* v. *Morse*, 15 How. 62, 81-86 (1853).

In another case a simple patent with a specification of 450 words and a single claim was reissued three times and ultimately converted into two patents of 8,000 words and 17 claims (4 Journal of the Patent Office Society 574).

Before the Senate Committee on Patents, General Leggett, Commissioner of Patents, made the following statement in 1878:

> "In these reissues more deviltry, if I may be permitted to use the phrase, creeps into the practice of patent law than everything else put together."

Other comments before that Committee were as follows:

> "Reissues are 'sapping the foundation of our patent system.' 'Every gentleman in this room will admit that the reissue of patents has resulted in more evil than any other thing known to the Congressional Acts.' 'Scratch a reissue and you will find a fraud.'" (17 Journal of the Patent Office Society 756.)[10]

In 1879 in the case of *Leggett* v. *Avery*, 101 U. S. 256, 259, commenting on a patent granted on October 9, 1860, surrendered and reissued on June 22, 1869, extended for seven years from October 9, 1874, and again reissued on November 10, 1874, this court said:

> "The pretence that an 'error had arisen by inadvertence, accident, or mistake,' within the meaning of the patent law was too bald for consideration.
>
> " * * *

[10] For further discussion of abuses then current, see 4 Journal of the Patent Office Society, 564, 572, *et seq.*

"The allowance of claims once formally abandoned by the applicant, in order to get his patent through, is the occasion of immense frauds against the public. It not infrequently happens that, after an application has been carefully examined and compared with previous inventions, and after the claims which such an examination renders admissible have been settled with the acquiescence of the applicant, he, or his assignee, when the investigation is forgotten and perhaps new officers have been appointed, comes back to the Patent Office, and, under the pretence of inadvertence and mistake in the first specification, gets inserted into reissued letters all that had been previously rejected. In this manner, without an appeal, he gets the first decision of the office reversed, steals a march on the public, and on those who before opposed his pretensions (if, indeed, the latter have not been silenced by purchase), and procures a valuable monopoly to which he has not the slightest title."

This was the situation immediately prior to two decisions of great importance which mark the year 1882 as a turning point in the development of the law on this question."[11]

III.

Some of the abuses under the reissue statute have been curtailed since 1882, when this court first formulated the doctrine of laches with respect to broadened claims.

In the case of *Miller* v. *Bridgeport Brass Co.*, 104 U. S. 350 (1882), a patentee sought to restrain infringement of a patent originally granted in 1860, extended for seven

[11] Of this point it is easy to observe, in retrospect, that "We do not realize how large a part of our law is open to reconsideration upon a slight change of habit of the public mind" (Holmes, The Path of the Law, Collected Papers, p. 181).

years longer, and twice reissued, once in May, 1873 and again in January, 1876. The patent was held invalid. The court, speaking through Mr. Justice Bradley, who had had considerable experience in patent law prior to his elevation to the bench, said that the broadened claim of the last reissue was invalid because it was not for the same invention as the original patent. This, it must be admitted, was a sufficient ground for decision, and the court might well have stopped there.

It did not, however, but said, "There is another grave objection to the validity of the re-issued patent in this case." (page 351.) The court said further:

> "These afterthoughts, developed by the subsequent course of improvement, and intended, by an expansion of claims, to sweep into one net all the appliances necessary to monopolize a profitable manufacture, are obnoxious to grave animadversion. The pretense in this case, that there was an inadvertence and oversight which had escaped the notice of the patentee for fifteen years, is too bald for human credence.
>
> " * * *
>
> "But it must be remembered that the claim of a specific device or combination, and an omission to claim other devices or combinations apparent on the face of the patent, are, in law, a dedication to the public of that which is not claimed. It is a declaration that that which is not claimed is either not the patentee's invention, or if his, he dedicates it to the public. This legal effect of the patent cannot be revoked unless the patentee surrenders it and proves that the specification was framed by real inadvertence, accident or mistake, without any fraudulent or deceptive intention on his part; and this should be done with all due diligence and speed. *Any unnecessary laches or delay in a matter thus apparent on the record, affects the right to alter or*

re-issue the patent for such cause. If two years public enjoyment of an invention with the consent and allowance of the inventor, is evidence of abandonment, and a bar to an application for a patent, a public disclaimer in the patent itself should be construed equally favorable to the public. *Nothing but a clear mistake or inadvertence, and a speedy application for its correction, is admissible when it is sought merely to enlarge the claim.*" (Italics ours.)

The court also said, "The great object of the law of reissues seems to have been to enable a patentee to make the description of his invention more clear, plain, and specific, so as to comply with the requirements of the law in that behalf, * * *." (page 353.)

As already noted, decision in the case of *James* v. *Campbell,* 104 U. S. 356, (1882) was handed down the same day. The court, again speaking through Mr. Justice Bradley said (quoting with approval from *Burr* v. *Duryee,* 1 Wall. 531, 577, (1864)), that the privilege of reissue " 'was not given to the patentee or his assignee in order that the patent may be rendered more elastic or expansive, and, therefore, more "available" for the suppression of all other inventions.' " And the court said that a reissue might be made for the correction of too narrow a claim if speedily applied for 'before adverse rights have accrued'." (page 371.)

Two years later in the case of *Mahn* v. *Harwood,* 112 U. S. 354, (1884), Mr. Justice Bradley had further occasion to discuss the question of broadening claims in a reissue granted in April of 1876 for a patent originally issued May 21, 1872. The following portions of the opinion are particularly pertinent here:

"As before stated, the case is entirely different from that of a reissue by reason of a defective specification or description, or on account of the claim

being too broad. In these cases, the public interest is promoted by the change; whilst a reissue, for the purpose of making a claim more broad and comprehensive, is injurious to the public, since it takes from the public the use of that which it previously enjoyed, and which the original patent acknowledged its right to enjoy. We repeat, then, if a patentee has not claimed as much as he is entitled to claim, he is bound to discover the defect in reasonable time, or he loses all right to a reissue. (p. 362.)

" * * *

"The truth is, as was shown in *Miller* v. *Brass Co.*, that this class of cases, namely, *reissues for the purpose of enlarging and expanding the claim of a patent, was not comprised within the literal terms of the law which created the power to reissue patents.* But since the purpose of the statute undoubtedly was to provide that kind of relief which courts of equity have always given in cases of clear accident and mistake in the drawing up of written instruments, it may fairly be inferred that a mistake in a patent, whereby the claim is made too narrow, is within the equity if not within the words of the statute. Yet no court of equity, considering all the interests involved, would ever grant relief in such a case without due diligence and promptness on the part of the patentee in seeking to have the error corrected. (p. 362.)

" * * *

"As we have already stated, no invariable rule can be laid down as to what is reasonable time within which the patentee should seek for the correction of a claim which he considers too narrow. In *Miller* v. *Brass Co.*, by analogy to the law of public use before an application for a patent, we suggested that a delay of two years in applying for such correction should be construed equally favorable to the public. But this was a mere suggestion by the way and was not intended to lay down any general rule." (p. 363.) (Italics ours.)

After these decisions many reissue patents were invalidated for undue delay. For example see *Matthews* v. *Boston Machine Co.*, 105 U. S. 54 (1882); *Bantz* v. *Frantz*, 105 U. S. 160 (1882); *Wing* v. *Anthony*, 106 U. S. 142 (1882); *White* v. *Dunbar*, 119 U. S. 47 (1886); *Electric Gas Lighting Co.* v. *Boston Electric Co.*, 139 U. S. 481 (1891). Since the decision of *Miller* v. *Bridgeport Brass Co.*, it has been a general rule that a delay for two years or more invalidates a broadened reissue unless that delay is accounted for and excused by special circumstances.

It was, of course, inevitable that the question of delay for less than two years would arise. An early case of this character was *Coon* v. *Wilson*, 113 U. S. 268 (1885), where a reissue was applied for only ninety-seven days after the original patent was granted. The patentee had waited until the defendants produced their device and then applied for such enlarged claims as to embrace this device which was not covered by the claim of the original patent, and it was apparent from a comparison with the original that the application for a reissue was made merely to enlarge its scope. The court held the reissue invalid on the ground that the broadened claims went beyond the scope of the original invention.

Similarly, in *Parker Co.* v. *Yale Clock Co.*, 123 U. S. 87 (1887), the delay was for one year and eight months, but it appeared that the improvements not covered by the original patent had been brought into use by others than the patentee before the reissue was applied for. This reissue was also held invalid on the ground it was not for the same invention.

Many of these cases are commented on in *Topliff* v. *Topliff*, 145 U. S. 156 (1892), where the court said that it would be unjust to deny a patentee the benefit of a re-

issue "provided it is evident that there has been a mistake and he has been guilty of no want of reasonable diligence in discovering it, and no third persons have in the meantime acquired the right to manufacture or sell what he had failed to claim." (p. 172.)

In most of the decisions above discussed in this section the courts set forth more than one ground of decision. The various reissue patents under consideration could frequently have been held invalid for various reasons aside from the question of laches and rights of the public and third parties. But it seems that in the mind of the court those rights were deemed of such importance as to be emphasized as additional grounds of the conclusions urged. There is no better example of this than the case of *Dunham* v. *Dennison,* 154 U. S. 103 (1894), where the court, speaking through Mr. Justice Gray, said at page 110:

> "The patentee thus gave the public to understand that an envelope, the flap of which did not cover its whole length, would not come within his patent, and might rightfully be made by any one. After the defendant had made envelopes with a short flap of semi-circular shape and covering little more than the opening of the envelope, (which, it is admitted, did not infringe the plaintiff's patent as originally issued,) the plaintiff obtained a reissue, enlarging the claims, and altering the specification throughout, so as to include an envelope with a flap of any size or shape, and to make the invention consist, not, as in the leading words of the description in the original patent, of 'an envelope with an end flap covering its side,' but in 'a tag provided with means for attaching it to the merchandise, and with an envelope or pocket to receive a bill or invoice of the merchandise.' The words of the description in the original patent were neither technical nor complicated; but they were of the simplest kind, and their

> meaning and scope could not have been misunderstood by anyone who read them with the slightest attention, least of all by the patentee. To uphold such a reissue under such circumstances would be to grant a new and distinct privilege to the patentee at the expense of innocent parties, and would be inconsistent with the whole course of recent decisions in this court."

There are two additional cases presenting a circumstance similar to those in the case at bar, which should be specially noted.

In *Clements* v. *Odorless Co.*, 109 U. S. 641 (1884), the court, speaking through Mr. Justice Blatchford, said (page 647, 650):

> "In the reissue there are material enlargements of the scope of the invention described and claimed in the original patent, and, apparently, with a studied view to include and cover by descriptive words and by broader claims an apparatus like that used by the defendant * * *. No excuse is given for the delay in applying for the reissue, nor is any actual inadvertence, accident, or mistake shown."

In *Turner & Seymour Mfg. Co.* v. *Dover Stamping Co.*, 111 U. S. 319 (1884), the court said of the reissue there involved (page 326):

> "The original claim has been made broader by the reissue, so as to embrace the device used by the appellants, which was not previously an infringement."

These decisions demonstrate again the equitable nature of the right to a reissue containing broadened claims, and that countervailing equities in behalf of the public or of individual users have been recognized and enforced by this court. It is true that most of the cases during this period are "distinguishable" because there were present in them narrower and more technical

grounds which, without the existence of intervening rights, were sufficient to invalidate the various reissues in question. But the emphasis upon the equities of the public and of individual users is so strong that it must be taken to reflect a change of the attitude towards the inventor that existed in the earlier part of the nineteenth century.

Subsequent decisions have not changed the law but some language in them has been misunderstood. In some part the misunderstanding seems to have been furthered by language in the opinion of this court in *Keller* v. *Adams-Campbell Co.*, 264 U. S. 314 (1924). The source of the difficulty is the case of *Abercrombie & Fitch Co.* v. *Baldwin*, 245 U. S. 198 (1917). In that case suit was instituted on a reissue patent applied for seven years after grant of the original patent. The defendant had commenced manufacturing an infringing device prior to the reissue and in defense to the suit pleaded delay and intervening rights. The court denied both defenses. The court held that the reissue did not broaden the claims of the original patent. This conclusion obviously invalidated both of the asserted defenses, and established that the defendant was at all times an infringer, both before and after grant of the reissue patent.

A then existing peculiarity of the patent statutes, however, required a conclusion which has led to subsequent error. Until the amendment of 1928 the granting of a reissue patent cancelled the original patent so that any cause of action for infringement existing prior to the grant of the reissue was thereby lost. As the district judge had said (quoted with approval in the opinion of this court, in *Abercrombie & Fitch Co.* v. *Baldwin*, 245 U. S. 198, 209):

"* * * In view of the necessities of the situation, it [the defendant] is relieved of all accountability for the period prior to the granting of the reissue patent * * *. *By the reissuance of the patent the patentee loses all in the way of an accounting under the original patent* * * *.

"* * * I see nothing in the course of plaintiffs or defendants which would allow a court of equity to conclude that defendants are to be relieved because of intervening rights." (Italics ours.)

This could mean only that such relief as the defendants had for the period prior to the reissue was not equitable relief at all, but the result of the statutory situation. Intervening rights did not exist. In commenting on this case in the *Keller case,* Chief Justice Taft inadvertently said that "it was held that the intervening rights of immunity of the infringer did not extend beyond the date of the reissue." (264 U. S. 314, 317.) It seems clear that this statement was inadvertent because the *Abercrombie case* specifically denied that the defense of intervening rights was involved.

Another remark in the opinion of the *Keller case* has been misleading: The court below in the present case says that the *Keller case* recognizes that an intervening user "may be protected on principles of estoppel from the literal application of section 4916, Revised Statutes, which makes the operation of the reissue relate to the date of the original patent." (107 Fed. (2d), 318, 329.) We know of no case so holding, and on the contrary, this court has since said, in *Altoona Theatres* v. *American Tri-Ergon Corporation,* 294 U. S. 477, 491 (1935), that a "reissued patent, with respect to the amended claim, speaks from the date of reissue."

It is essential that the misunderstanding that seems to have followed from these cases be corrected. The court below was substantially misled by them to formulate conclusions which are sharply in conflict with the whole trend of the decisions. It is true that the court below recognized that the holding in the *Abercrombie case* was based on the fact that the reissue did not broaden the claims of the original patent, but said, "Still, the reasoning of the court in that case would seem to apply as well to any other valid reissue." (107 Fed. (2d) 318, 329.) This conclusion of the court below seems obviously erroneous. Reasoning appropriate in a situation where there is infringement of the original patent (and, therefore, a wrongful act by the intervening user from the moment his use began), is not applicable to a situation where there is infringement only of the reissue patent, and what the intervening user did up to the date of the reissue was entirely lawful. In the first situation it can hardly be said that there are any equities in favor of the intervening user, while in the second situation it is certain that there are some equities: in most cases it has been found that there are enough equities in the intervening user's favor to invalidate the reissue.

IV.

The almost uniform recognition by the lower courts of the need for protecting intervening users has led to a variety of results and reasoning.

We think it may fairly be said of the cases that we have been considering that in them "are gathered the scattered prophecies of the past upon the cases in which the axe will fall."[12] Carrying on the thought of Holmes'

[12] Holmes, "The Path of the Law," Collected Papers, 167, 168.

passage, our effort should be "to make these prophecies more precise, and to generalize them into a thoroughly connected system." (*id.*)

It has been shown that so far as the decisions of this court are concerned, the interests of the intervening user have been protected by the doctrine of laches, and by application of many other grounds of invalidation, with such repeated references in the decisions to the "rights" of the intervening user as to indicate that they were recognized and a matter of concern to this court. A study of these cases lends support to the conclusion of Judge Learned Hand in *Otis Elevator Co.* v. *Atlantic Elevator Co.*, 47 Fed. (2d) 549, that "intervening rights are only another aspect of the policy which makes laches alone enough." [13]

So far as we are aware, this court has since 1882 invalidated every broadened reissue patent that has come before it, where the invention covered by the broadened claims had gone into use after the patent issued and before the application for reissue. It can hardly be said that this has not accomplished an effective establishment of "intervening rights"; but the grounds of decision have left open the question of how far the private interests of the intervening user or users, as distinguished from the interests of the public generally, should serve as the actual basis for the finding of laches or other grounds resulting in the invalidating of the broadened reissue. Nowhere has this court yet said in so many words that a reissue applied for within two

[13] Some interesting discussions of the decisions of the lower courts and of the question of intervening rights, are found in: Rice and Grossman, "Reissued Patents and Intervening Rights," 43 Yale Law Journal 766 (1934); Montgomery, "Reissued Patents," 8 So. Cal. Law Rev. 288 (1935); Blore, "The Defense of Intervening Rights," 1 Geo. Washington Law Rev. 387 (1932); Brown, "Intervening Rights in Reissue Patent Cases," 15 Journal of the Patent Office Society 333 (1933).

years, otherwise valid, would be invalidated because of a private intervening right, or, at the least, unenforceable against the holder of that right.

Perhaps on this acount the lower Federal courts have endeavored to formulate various other doctrines to do essential justice to intervening users where the delay was less than two years. Many take the form of a personal estoppel which results in practical effect in a free license to the intervening user without invalidation of the reissue patent. Few of the courts, however, insist that all of the elements of true estoppel be present; rather the term seems to furnish a convenient reason for doing what the court believes should be done. Some of the courts grant the intervenor a permanent license; others indicate he may salvage only the devices he has manufactured. In one circuit, however, the court of appeals has based its decisions on laches. Some analyses of these decisions is now pertinent.

Until its decision in the case at bar the ninth circuit was considered one in which an intervening right, based upon personal estoppel, would prevent the holder of a reissue patent from terminating the intervening use. As noted by Judge Haney in his dissenting opinion, the court of appeals for that circuit had so held in the case of *Keller* v. *Adams-Campbell Co.*, 287 Fed. 838, 841 (1923). The effect of this decision was not to invalidate the reissue but to grant an irrevocable license to the intervening user. In a case decided the following year (*Supreme Mfg. Corporation* v. *Security Mfg. Co.*, 299 Fed. 65 (1924)), the same court reaffirmed, without actual adjudication, the doctrine of intervening rights.

The position of the eighth circuit is represented by its decision in *Wichita Visible Gasoline Pump Co.* v. *Clear Vision Pump Co.*, 19 Fed. (2d) 435 (1927). In that

case the patentee applied February 8, 1921 for reissue of a patent originally granted May 20, 1919. In the meantime, in September of 1920, the defendant had built a pump which did not infringe the original patent but did infringe the reissue, which, as noted, was applied for twenty months after the original grant. On these facts the court said (page 438):

> "It was not until appellee discovered appellants' device that it took any steps to make its patent cover appellants' structure. It called in its patent attorney, who did not venture a suit upon the original patent, although now claiming that a cause of action existed, and that the reissue was procured only out of abundance of caution and as against other infringers. Meantime appellants had developed a plan and a business, relying upon the limitations of the Crouse invention as it was disclosed. We think upon the face of the record, at least as affecting these appellants, the reissue was not applied for within a reasonable time, nor upon a legitimate ground. Its object was to stifle competition from this source. For this reason we think appellants' device does not infringe the claims of the reissue patent."

In the case just mentioned, the circuit court of appeals for the eighth circuit apparently granted the defendant an irrevocable license to continue to manufacture the accused machinery. In another case decided only a few weeks before, *Bull Dog Floor Clip Co.* v. *Munson Mfg. Co.*, 19 Fed. (2d) 43 (1927), personal estoppel in favor of the intervening user was found. The relief granted the intervening user was confined to disposing of the clips remaining on hand before the reissue, on the theory that that was the only relief the equities of the case required.

In the seventh circuit, in the case of *American Soda*

Fountain Co. v. *Zwietusch,* (75 Fed. 573 (C. C. E. D. Wis. 1896) affirmed (without opinion) 85 Fed. 968 (C. C. A. 7th)), the doctrine of intervening rights was discussed in connection with a reissue applied for within nine and a third months:

> "Several months prior to the application for this reissue, the defendant had not only perfected his apparatus and applied for his patent, but had placed the goods so made upon the market, and had obtained extensive sales and popularity; * * *." (75 Fed. 578.)

In the sixth circuit is found a leading case standing on the doctrine of intervening rights based upon personal estoppel (*Ashland Firebrick Co.* v. *General Refractories Co.,* 27 Fed. (2d) 744 (1928); pet. cert. dis. on petitioner's motion, 278 U. S. 662). In that case, after issuance of a patent to the plaintiff's assignor for a brick machine, the defendant, on advice of counsel that what he proposed to do would not infringe the patent, constructed two machines for making brick, and put them into operation. This was done during the 365 days between the grant of the original patent, July 3, 1923, and the application for the reissue, July 2, 1924 (See 15 Fed. (2d) 215). The court refused to grant plaintiff any relief against the alleged infringement of the reissue.

Because of the importance of the case, we quote (page 746):

> "The right to a reissue is exceptional, and is possessed only by those who can come within the exceptions. It must affirmatively appear, not only that the state of the art permitted a broader claim, but that the failure to get it was the result of inadvertence. There being no presumption that a patent can be reissued, and the special cases where it

may be done being relatively few, it does not seem that the public, acting on the faith of things as they are, should carry the burden of a change it has no reason to expect. A competitor, observing that the patent is limited to specific features which he does not care to use, may naturally assume that the limitation was either intentional, or necessary, or both.

"In approving and adopting the theory of estoppel to support a private intervening right in the nature of a license as against a generally valid reissue, we do not overlook the difficulty which sometimes exists in finding all the elements of a conventional estoppel."

In the later case of *H. W. Roos* v. *McMillan,* 64 Fed. (2d) 568 (1933), the court of appeals for the sixth circuit, although failing to find intervening rights, invalidated a reissue patent because of the patentee's laches in applying for it. The application for reissue had been filed well within the two years after the grant of the original patent, but not until six months after the patentee had seen a clamp that suggested a possible deficiency in the scope of the claims of his original patent. The court said that in view of the simplicity of the patented device an inspection of the original patent at any time after its issuance (and before seeing the other clamp) should have disclosed the mistake or deficiency in the claims. In concluding that the delay was unreasonable under such circumstances, the court said:

"In this view of the patentee's rights, we are content to hold, until the Supreme Court has held otherwise, that a reissue patent may be held to be invalid because of unreasonable delay in filing the application therefor, notwithstanding the absence of a showing of intervening private rights and even though the application was filed within two years from the date of the original issue." (p. 570.)

No square adjudication upon the question of intervening rights is found in the fifth circuit, but the probable recognition of intervening rights is indicated by the Court of Appeals for that circuit in *Standard Brick Co.* v. *Denison Corporation,* 285 Fed. 108, 110 (1922), citing with approval *American Automotoneer Co.* v. *Porter,* 232 Fed. 456.

Two decisions in the court of appeals for the fourth circuit are supposed to classify that as a jurisdiction in which intervening rights are not recognized (*Crown Cork & Seal Co.* v. *Aluminum Stopper Co:,* 108 Fed. 845 (1901), and *A. D. Howe Machinery Co.* v. *Coffield Motor Washer Co.,* 197 Fed. 541 (1912)). On the particular facts in those cases the decisions appear to be clearly sound. There were no equities in favor of the intervening users who, in each case, acquired original knowledge of the patented article when in the employ of the patentee (or his assignee), and deliberately attempted to appropriate the invention. The following quotation from the opinion in the *Howe case* indicates that the court did not intend to eliminate the defense of intervening rights (197 Fed. 541, 545):

> "The added claim of the reissued patent would have been in place in the original. The description of the invention there given was quite broad enough to have supported it. *Unless intervening rights which we are bound to consider arise between the grant of the original patent and the application for reissue,* there is no reason why the latter should not be held good." (Italics ours.)

Square adjudications are not found in either the third or first circuits, but the opinions in each of the following cases indicates probable alignment with other circuits giving protection to intervening users: *Horn & Brannen Mfg. Co.* v. *Pelzer,* 91 Fed. 665, 669 (1898) (C. C. A. 3),

and *Rancourt* v. *Panco Rubber Co.*, 67 Fed. (2d) 790, 792 (1933) (C. C. A. 1),

In the second circuit a leading case is *Autopiano Co.* v. *American Player Action Co.*, 222 Fed. 276 (1915). The situation there presented was unusual in that six years after grant of the original patent a reissue was applied for and granted containing much narrower claims than the original patent. Four months later application was made for a second reissue for the purpose of reestablishing the broad claims of the original patent. Pursuant to this second application a second reissue was granted. The defendant's device infringed the broad claims of the original patent and the second reissue but not the narrow claims of the first reissue.

Defendant sold one device while the application for the first reissue was pending, and a second during the four months' period between the grant of the first reissue and the application for the second reissue. The court treated the case as one in which the original patent had issued with the narrow claims of the first reissue, and had been broadened by the second reissue, and as though the second reissue had been applied for within four months of the date of the original patent. The court held that since the defendant had started its use within the four-month period between the date of the first reissue and the application for the second reissue, the defendant had intervening rights, saying (p. 282):

> "We therefore reach the conclusion that complainant is estopped from claiming infringement by this particular defendant *in continuing the manufacture* and sale which it entered upon while the first reissue was the only public announcement of complainant's alleged monopoly." (Italics ours.)

V.

This court should establish a simple rule, consistent with present conditions, for the protection of intervening rights where the broadened reissue is applied for within two years.

The equitable principles first enunciated in *Miller* v. *Bridgeport Brass Co., supra,* were three:[14] (1) the right to broaden the claims of an original patent is purely an equitable right; (2) it is available only to the diligent; and (3) it must be sought before adverse rights have accrued. The many decisions and changes since that case was decided nearly sixty years ago have so obscured it that clarification and application in harmony with conditions as they exist today is urgently needed. The uncertainties of the law at the present time demand promulgation of a simple rule that may be easily applied by the lower courts in dealing with the question of intervening rights—a rule that will establish uniformity and will permit such courts to do essential justice without straining for reasons to justify their action. The criterion of such a rule is the public interest. (See *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U. S. 502 (1917); *Pennock* v. *Dialogue*, 2 Peters 1 (1829); *Kendall* v. *Winsor*, 21 How. 322 (1859).)

Several possible rules immediately suggest themselves for consideration:

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[14] We incorporate in this summary not only what this court said in *Miller* v. *Bridgeport Brass Co.*, but the further development of the doctrine found in the contemporaneous case of *James* v. *Campbell*, 104 U. S. 356, and in *Mahn* v. *Harwood*, 112 U. S. 364, decided two years later. Pursuant to the principle announced in these decisions, and by analogy to the two-year period established by the statute as the maximum for public use before application for an original patent would be barred, the court suggested two years as a presumptive period, after which an application for a broadened reissue would be barred.

(1) This court could merely approve the principle of personal estoppel applied by some of the lower courts which have held that the intervening user, upon a proper showing, shall have a free license to continue to use or manufacture notwithstanding the reissue. The applied principle of equitable estoppel is clearly apt. As concisely stated in *Casey* v. *Galli*, 94 U. S. 673, 680 (1876), "Parties must take the consequences of the position they assume. They are estopped to deny the reality of the state of things which they have made appear to exist, and upon which others have been led to rely."

While this rule would be helpful, it is doubtful that it would be adequate for all situations. In most cases it is difficult to establish the elements of a real estoppel [15] and the burden of proof thus put on the intervening user is unduly great. Actual knowledge of the original patent may not even exist, yet there is no sound reason to deny relief to the intervening user who proceeded without actual knowledge.[16]

From the standpoint of the public, intervening rights based on personal estoppel leave much to be desired. There appears to be little doubt that the threat of a reissue is a constant deterrent to the building up of

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[15] *Ashland Firebrick Co.* v. *General Refractories Co.*, 27 Fed. (2d) 744, 746; *Otis Elevator Co.* v. *Atlantic Elevator Co.*, 47 Fed. (2d) 545, 549.

[16] In two fairly recent decisions in the District Court (N. Y.) intervening rights were protected although the intervening user commenced his use without actual knowledge of the original patent (*Christman* v. *N. Y. Air Brake Co.*, 1 Fed. Supp. 211, 212 (1928); *Moto Meter Guage & Equipment Co.* v. *E. A. Laboratories*, 55 Fed. (2d) 936, 940 (1932). In the analogous situation, where broadened amendments are proposed during pendency of the original application in the patent office, intervening rights have been protected, although there is no possibility of knowledge of this secret proceeding. (*Webster Electric Co.* v. *Splitdorf Electric Co.*, 264 U. S. 463, 465-6.)

business involving the manufacture of new devices, except by companies with sufficient resources to risk a loss due to a reissued patent.

As regards the *use* of machines of this character, the purchaser ordinarily would have no method of establishing a basis for an actual personal estoppel except by hiring a patent attorney to examine the files in the patent office. This would be expensive and in many cases would be entirely disproportionate to the value of the device. The only other method of protection would be to secure an indemnity from the manufacturer. The value of such an indemnity would be no more than the worth of the one who gave it. This would tend to restrict the ability of new enterprises with limited capital to market their product.[17]

(2) This court could approve of the application of the equitable doctrine of laches where enough facts can be proved to justify such a finding without the aid of any presumption arising from failure to apply for a reissue within a given period. This was the effect of the holding in *H. W. Roos Mfg. Co.* v. *McMillan,* 64 Fed. (2d) 568. Such approval would correct the apparent belief of the court below and other courts that the principles enunci-

[17] The economic evils of the reissue statute in the light of its lack of utility under present-day conditions have led many writers to advocate its repeal. See Rice and Grossman "Reissued Patents and Intervening Rights," 43 Yale Law Journal, 766, 790; Willis Constitutional Law, page 421; Fenning, 15 Journal of the Patent Office Society, 886 (1933); Berle and DeCamp recommend drastic limitations in "Inventions and their Management" (1937), 660. The Science Advisory Board's Committee on Relation of Patent System to New Industries' report to the Secretary of Commerce in 1935, said, in speaking of reissues, disclaimers and renewals: "These matters appear to be in the nature of unnecessary complications, which confer a proper benefit in relatively rare instances but the continuance of which in their present forms causes more confusion and cost to the public than is warranted by the results." (Reprinted in Hearings before Temporary National Economic Committee, First Session, Part III, page 1146 (January, 1939).)

ated in *Miller* v. *Bridgeport Brass Co.* are limited to cases where the application for a reissue is made after two years. It would be helpful in some cases, but it would not remove the deterrent to new enterprises resulting from the ever-present uncertainty whether an intervening user can make the proof necessary to establish this defense.

(3) In the case of *Miller* v. *Bridgeport Brass Co.*, the court held that the applicant for reissue would be presumed to be guilty of laches if his application were made more than two years after the original issue, unless he could show good reasons for the delay. This was based on the analogy of the statute which required an application for the original patent to be made within two years after the first public use of the machine, or process, the theory being that if such an application were not made within that time the inventor would be deemed to have dedicated his ideas to the public.

Since the decision in the case just mentioned in 1882, the need for protecting the inventor against mistakes has decreased. The laboratories of the large companies have to a considerable extent supplanted the individual inventor in developing devices and ideas that can be patented,[18] and it may be assumed that the likelihood of mistakes which the reissue sections of the statute was intended to remedy are less likely to occur now than a half century ago. The acquisition of patents of individual inventors by established companies within a relatively short time after the patent is issued [18] would also

[18] See Perazich and Field, in "Industrial Research and Changing Technology" (1939). They show (p. 63) an increase in the number of corporations reporting to the National Research Council from 297 in 1920 to 1,769 in 1938. 1722 of them had 44,292 employes. They also point out the extent to which powerful companies acquire control of patents from outside sources. See also F. W. Vaughan, "Economics of our Patent System" (1925), p. 73, *et seq.*; also "Government and Economic Life," Pub. 79 of the Brookings Institute, Vol. I, p. 151 (1939).

decrease the need for a long period in which to correct errors, because the acquiring company would undoubtedly examine carefully and expertly the patent papers at the time of the transaction.

The theory upon which the patent monopoly is based has also changed with the growing complexities of modern civilization. The inventive process is seen to be but a phase of social evolution: Each invention is but a step built upon the progress of the past and to the current demands of social forces.[19] The state of the pertinent art develops to a point where the invention is inevitable, and frequently many times found.[20] To the extent that society contributes to the invention the justification for the protection of the inventor against his mistakes at the expense of the public has lessened.[21]

Congress, in harmony with the economic changes, has by statute shortened to one year the period in which an inventor must apply for his patent after public use or publication (53 Stat. 1212; 35 U. S. C. A. 31). It would, therefore, appear logical that the rule promulgated in the case of *Miller* v. *Brass Company,* which was based on the analogy of the statute, should at least be made to accord with the statute as it exists today, namely, that the patentee who applies for reissue to assert

[19] Wm. F. Ogburn, "Social Change," (1917), pp. 84, 86; Waldemar Kaempffert, "Invention and Society" (1930), p. 17; Morris Holland, "Research Science and Invention," in A Century of Industrial Progress, ed. by F. W. Wile (1928), pp. 312-34; S. C. Gilfillan, "Sociology of Invention" (1935), p. 74; Charles A. Beard and Mary R. Beard, "America in Mid-Passage" (1939), ch. 15, pp. 822, 826. Earlier observation of this phenomenon is found in Philarette Chasles, "Etudes sur les premieres temps du Christianisme et sur le Moyen Age" (1847), p. 33, our tr.; John Coryton, Patents (London, 1855), Amer. Ed. Phila. (1855), (16) (17).

[20] Rossman, "The Psychology of the Inventor" (1931) p. 132, refers to an interference proceeding involving fifty individuals claiming the same invention.

[21] See Rice and Grossman, "Reissued Patents and Intervening Rights," 43 Yale Law Journal, 766, 793.

broadened claims more than a year after the grant of his original patent will be deemed to be guilty of laches, unless he can convince the court to the contrary. It is true that this amendment does not become effective until August 5, 1940, but it constitutes a belated legislative recognition of changed conditions requiring a shorter period.

This would be a salutary rule which would do much to eliminate the injustice and confusion that exists today, but it would not entirely solve the problem. The lower courts would still be confronted with cases involving intervening rights where use or manufacture began or continued within the year between grant of the original patent and of the reissue.

(4) The rule which would best serve the public interest is that an applicant for broadened claims by reissue should be deemed guilty of laches, if prior to such application, use or manufacture has begun of what he failed to claim in his original patent.

The adoption of such a rule is supported by sound reasoning. The patentee has presented his invention to the public, and in so doing he is fully chargeable with knowledge that he has dedicated everything not expressly covered by his claims. His duty is to point out and distinctly claim that which he would reserve to himself. (Rev. Stat. § 4888; 35 U. S. C. 33.) It is consistent in every way that that dedication should be considered in relation to a reissue. For the patentee is also conclusively charged with knowledge that he must be diligent if he would recapture anything so dedicated. It is only just that the patentee's negligence in failing to claim his invention fully should become fatal just as soon as others more diligent than he have occupied the field he later seeks to dominate by the broadened claims of his reissue.

He has made a dedication to the public of unclaimed parts of his invention. This can only mean that each and every member of the public is at liberty to use what has been dedicated. The patentee should not be permitted to snare the public, or any members thereof, into enterprises that can result only in loss if he is permitted later to dominate such enterprise.

Such a rule would clarify the application of the equitable principles of *Miller* v. *Bridgeport Brass Company* and bring them into proper relation to current conditions. It would establish uniformity and order in the decisions of the lower courts. It would render safe the establishment of new industries and remove the constant threat of their being put out of business by an unforeseen reissue. It would be a rule easy of application, a fact which would do much to prevent expensive litigation over reissued patents.[22] It would strike a proper balance between the public interest in the conflict between the belated claim of an inventor to be rewarded for his contribution to development of the art in a given field and the claim of an individual member of the public who independently and carefully has put that development into practice.

The desirability and justification of the rule which we are here urging the court to adopt was cogently stated by Judge Learned Hand in *Otis Elevator Co.* v. *Atlantic Elevator Co.*, 47 Fed. (2d) 545. The fact that he was speaking of a reissued patent applied for several years after the original issue does not detract from the soundness of his statements as applied to the question here being considered. In that case there had been experimental work done during the period before the applica-

[22] As to a discussion of the social evils of patent litigation, see Vaughan, "Economics of Our Patent System" (1925), pp. 71, 72.

tion for reissue, by others than the defendant company. Judge Hand said:

"We should not ignore them, because they were not used; the analogy of a prior use as anticipation is not apt. The question, on any view, is of the conflicting interests involved; the patentee's, to extend his monopoly; the public's, to be protected in vested rights acquired meanwhile. Earlier experiments, involving large expense, and being the first steps in a continuous development which ends in a completed apparatus, are fairly to be taken as vested interests. Unless we are to admit nothing except what the infringer himself may do, the case is one for the doctrine of intervening rights. The art by successive steps had already occupied the area comprehended by the expansion of the re-issued claims.

"However, all this had been done by others, whom the plaintiff did not single out for attack, and, if intervening rights are relevant only on the score of a personal estoppel, these earlier efforts must be disregarded so far as concerns the Atlantic Elevator Company, whose two installations alone the plaintiff asks to enjoin. There are some expressions in the books, though no decisions, that it is only the intervening interests of the infringer at bar which counts, and that the general progress of the art is irrelevant (*Autopiano Co.* v *American Co.*, 222 F. 276, 282 (C. C. A. 2); *Ashland, etc. Co.* v. *General Refractories Co.*, 27 F. (2d) 744 (C. C. A. 6); although there is a dictum to the contrary in *Milloy Electric Co.* v. *Thompson-Houston Electric Co.*, 148 F. 843, 847 (C. C. A. 6). Since *Keller* v. *Adams Co.* 264 U. S. 314, 44 S. Ct. 356, 68 L. Ed. 705, the question must at any rate be considered as still open. Nevertheless, it is very difficult in most cases to make out the elements of any real estoppel on which such a theory must stand, or to accept it without considerable revision of the way in which the matter has been treated hitherto. The argument.

goes that the patentee, by the abondonment of so much of his invention as he does not claim, may have led others to act upon the faith of his declaration. It follows that, although it is too late for him to retract as to those who have in fact so acted, he may do so as to such as have not. The logic cannot be denied, but its consequences carry one further afield than has hitherto been recognized. In the first place, the critical date should certainly be that of the re-issue itself, not of the application, since the application is not published. Yet the date of re-issue has never been thought material. Again, it ought to be a good reply, even when the infringer has himself occupied the zone of the expansion, to show that he did so in ignorance of the patent, on the faith of whose narrow claims he could not in that event have relied. While at times courts have emphasized the fact that the infringer had in fact so relied (*Keller* v. *Adams-Campbell Co.*, 287 F. 838 [C. C. A. 9]), in general that circumstance has been ignored. Moreover, estoppel can certainly have no application to the expansion of claims during the original application, and yet the doctrine of intervening rights is also applied to substantial amendments in that. *Webster Electric Co.* v. *Splitdorf Electric Co.*, 264 U. S. 463, 44 S. Ct. 342, 68 L. Ed. 792.

" * * *

"The policy of the law is that the mere lapse of time forfeits the patent. This is not a punitive measure; it is because the public has had this period in which to adopt the invention, and should not be cut off by one who has let the art develop. *While the analogy is not complete, because two years is not an absolute bar to the reissue even of broadened claims, in so far as the doctrine of intervening rights is relevant at all, it appears to us to be rather the positive confirmation of an inference which delay alone might justify; proof is better than presumption, and demonstration than con-*

jecture. The evil anticipated is shown to have actually occurred. So viewed, intervening rights are only another aspect of the policy which makes laches alone enough, and it is not legitimate to turn it into an independent ground of denial. So it does not seem proper to limit it to those cases in which a personal estoppel can be proved; not only, as we have said, because this would involve a radical recasting of the law, if it is to be consistent; but because it is not agreeable to its origin. So far as we can find, no court has yet actually held that a reissue may be good at large, but bad as to one who has acquired vested rights after the original issue." (pp. 548-550; italics ours).

If any fiction of estoppel is deemed necessary to justify the rule which we are discussing it may be supplied by the rule of law that everyone is presumed to know of a patentee's claims. This should apply equally to the limitations of the claims as well as to their extent.

We therefore respectfully suggest that the rule that this court should lay down is that any patentee should be barred from broadening the claims of his patent where intervening users have occupied the field sought to be covered by the reissued patent.

(5) If, however, this court should for any reason feel that it should not construe the act of congress in the light of equitable principles, but should apply the statute literally, it is suggested that it must overrule the early decisions wherein solely by construction it extended the act to apply to instances where broadened claims were asserted, and hold that all reissues which include broadened claims are unauthorized.

VI.

In the case at bar any theory which supports the defense of intervening rights requires a reversal of the decree of the court below.

The application of any of the rules discussed in the preceding section of this brief would require a reversal of the decree of the court below.

(1) As to personal estoppel:

The record shows without contradiction that some little time after discovery of petitioner's use of the accused machine, respondent notified petitioner that the machine was an infringement of respondent's patent (R. 71). The notice demanded petitioner's acquiescence in the rights asserted, and an accounting, within ten days. On petitioner's failure to reply, respondent on the eleventh day filed suit (R. 2, 10).

Petitioner continued to use the accused machine (R. 80) and filed an answer denying infringement (R. 11). Thus petitioner's position was completely changed by respondent's affirmative acts. Having knowledge of respondent's patent, petitioner concluded that the machine it was using was not embraced within the claims thereof. Petitioner concluded, and rightly, that it could continue to use the machine without liability to respondent. Respondent ultimately admitted that there was no infringement of the original patent (R. 86).

For months after its initial step in notifying petitioner of the alleged infringement of its original patent, respondent by pressing its suit led petitioner to believe that it was relying solely upon the claims of that patent. Even after the application for reissue had been tardily filed on January 15, 1936, respondent by insisting on

further answers to its interrogatories led petitioner to believe that it was still relying upon the claims of the original patent. These further answers were filed May 16, 1936 (R. 80).

The court below found as its ultimate conclusion on the question of intervening rights that "In the instant case there was admittedly no knowledge of or reliance on the scope of plaintiff's patent and no facts creating an estoppel." (R. 310.)

This can only be regarded as a conclusion of law. As a statement of fact it is obviously erroneous. It is equally unconvincing as a conclusion of law. An insubstantial foundation—and the only foundation for it in the record—is the fact that petitioner did not know of respondent's patent claims when petitioner *commenced* to use the accused machine. But estoppel could and did arise when respondent advised petitioner and led petitioner to believe, for over three months before filing an application for reissue, and thereafter, that the narrow claims of the original patent were all respondent relied on.

The court below does not point out, nor does there seem to exist, any sound basis for a distinction between the circumstance that use of a machine *is begun* in reliance upon the narrow claims of a patent, and the slightly different circumstance that such use, having been begun without such knowledge, *is continued* in reliance on the narrow claims for an extended period before application for reissue is made.

In *Keller* v. *Adams-Campbell Co.*, 287 Fed. 838, the court said that "prior to any knowledge on their part of the Keller patent, the appellees had been working on their device, and had made and sold a few of them, but subsequently learned of and became familiar with the original Keller patent * * *." (p. 841.) The court's con-

clusion was "We therefore think it clear that the appellees had and have such intervening rights as were properly protected by the court below." (p. 841.)

(2) The facts in this case show that, quite aside from any presumption in favor thereof, respondent was guilty of laches.

Application for the reissue patent was not filed until twenty months after the grant of the original patent and ten months after petitioner commenced to use the accused machine (R. 79, 338). Respondent waited more than three months before applying for a reissue after it learned of petitioner's machine during which time it had the benefit of counsel who were pressing its claims (R. 106).

The development of the art prior to the issuance on May 15, 1934 of respondent's original patent was such as to put respondent on notice that the claims of his original patent were insufficient. In 1932 at least 100 machines manufactured under the Kelly patent had been put in commercial use in chain stores such as Woolworth's and Kresge's (R. 161). The Kelly patent, issued January 30, 1934, would have defeated the broadened claims of respondent's reissue except for the priority of respondent's invention (by about three months) successfully asserted in the Patent Office by an affidavit under Patent Office Rule 75 (Pltf's Ex. 4, R. 101). Not only were such machines in use in 1932, but during the year 1933 the Susu Nut Company (manufacturer of the machine used by petitioner) put machines of the accused type on the market (R. 131).

It thus appears that prior to the grant of respondent's original patent there were two machines in general use in the field in which respondent's interest lies that are described by the broadened claims of the reissued pat-

ent. Indeed, the Kelly patent, covering one of these machines, was actually issued before respondent's patent issued. It has been noted that persons interested in manufacturing a certain device generally have a pretty fair understanding of the state of the art in the field—an understanding based partly upon familiarity with other devices, but chiefly upon the problems which are being discussed and written about, the improvements for which manufacturers cry, and the general literature on the subject.[24]

It is not difficult to assume that respondent knew of both of these machines, which were in general commercial use before respondent's original patent issued. Such knowledge would have indicated the defects of respondent's patent or of the claims thereof, possibly before it was issued and certainly after it was issued, if respondent had taken the trouble to look at it when respondent received it from the Patent Office.

Respondent did not see fit to look at the original patent when it was received. He did not so much as look at it, until November of 1935, until that time resting secure "in the belief of adequate protection covering his invention and in his confidence in his attorney." (Reissue Oath, App. B, p. 59; Pltf's Ex. 4, R. 101.) Negligence of this kind has been repeatedly condemned. "The excuse proffered is simply an attempt to shift the responsibility of the mistake; as originally made, from the patentee to his solicitor, but no excuse is offered why the patentee did not discover the negligence and error of his solicitor in due time." (*Ives* v. *Sargent*, 119 U. S. 652, 662.)

In *Arnheim* v. *Finster*, 26 F. 277, 279, 280 (C. C. N. Y.

[24] See Rice & Grossman, "Reissued Patents and Intervening Rights," 43 Yale Law Journal, 766, 787.

1886), the delay in applying for a reissue was twenty-one months—one month longer than in the case at bar. In that case the patentee sought to avoid the consequences of his solicitor's acquiescence in a ruling of the Patent Office by saying it was unknown to him. In reply the court said:

> "But it is urged that the inventor did not acquiesce. He knew nothing of the rejection, for the reason that he never examined the letters patent from the time he received them until the spring of 1877. This will not do. The law will not permit a party to relieve himself from the charge of negligence by asserting that he closed his eyes and ears at the time when he was required to keep his faculties awake. The inquiry is, not what the inventor knew, but what he ought to have known,—what he could have ascertained by the exercise of ordinary care and diligence. To hold otherwise would be to place a premium upon carelessness, stupidity, and fraud. There is nothing intricate or ambiguous about this patent."

The District Court found respondent guilty of laches (R. 94). Certainly this record supports the finding. Respondent's application for reissue was nearly four years after commercial use of one infringing machine, well over two years after the commencement of general commercial use of machines of the type used by petitioner, and over nine months after petitioner commenced to use its machine. The development of the art, as evidenced by these two types of machines, was no consequence of any spur resulting on publication of respondent's patent, but, on the contrary, resulted from independent efforts preceding that publication. These circumstances are anything but persuasive as to the merit of the invention, as to the existence of any real inadvertence, and, most of all, as to respondent's diligence.

The conclusions of the court below avoid rather than repudiate the District Court's finding of laches. It is obvious that if there is an *absolute right* to a reissue with broadened claims if applied for any time within two years of the original grant (and the court below so concluded), there is no room for consideration of laches within that period. In this position the court below is without support in the decisions. There is nothing in the opinion below to indicate disagreement with the conclusion of the District Court on the question of laches, if it had been thought that the question was open for consideration.

Nor do we mean to imply that the court below completely overlooked the Kelly patent. It considered it, but only for the purpose of determining the question of priority of invention as between it and the patent in suit. That question was decided in favor of respondent. But the court gave no consideration to the bearing upon the question of laches of the development of the art prior to issuance of respondent's patent evidenced by the Kelly machines and also by those of the Susu Nut Company. Yet, the existence of these uses for a considerable period prior to the issuance of respondent's patent accentuates the degree of respondent's negligence.

In view of such uses the simplicity of the invention and the patent and the intervening use of petitioner, it is clear that respondent's laches should invalidate the broadened claims of the reissue patent.

(3) If a presumption of laches where the application for reissue is not filed within one year is established as a rule by this court (by analogy to the present statute with respect to original patents) the decree of the court below should be reversed since the application for reissue in the present case was not made until twenty months

after the original issue. The facts heretofore set out in the preceding discussion show clearly that respondent could not overcome this presumption.

(4) The application of the rule which we have urged this court to adopt, *i.e.*, that a patentee should be barred from broadening his claim where intervening users have occupied the field, would automatically result in a reversal of the decree of the lower court, because respondent's use of the accused machine began before the application for reissue was made.

CONCLUSION.

For the reasons heretofore stated the decree of the Circuit Court of Appeals for the Ninth Circuit should be reversed.

Respectfully submitted,

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APPENDIX A.

Section 4916, Rev. Stat. as amended May 24, 1928, chapter 730, 45 Stat. 732, reads as follows:

"Whenever any patent is wholly or partly inoperative or invalid, by reason of a defective or insufficient specification, or by reason of the patentee claiming as his own invention or discovery more than he had a right to claim as new, if the error has arisen by inadvertence, accident, or mistake, and without any fraudulent or deceptive intention, the commissioner shall, on the surrender of such patent and the payment of the duty required by law, cause a patent for the same invention, and in accordance with the corrected specification, to be reissued to the patentee or to his assigns or legal representatives, for the unexpired part of the term of the original patent. Such surrender shall take effect upon the issue of the reissued patent, but in so far as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent to the extent that its claims are identical with the original patent shall constitute a continuation thereof and have effect continuously from the date of the original patent. The commissioner may, in his discretion, cause several patents to be issued for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for reissue for each of such reissued letters patent. The specifications and claims in every such case shall be subject to revision and restriction in the same manner as original applications are. Every patent so reissued, together with the corrected specifications, shall have the same effect and operation in law, on the trial of all actions for causes thereafter arising, as if the same had been originally filed in such corrected form; but no new matter shall be introduced

into the specification, nor in the case of a machine patent shall the model or drawings be amended, except each by the other; but when there is neither model nor drawing, amendments may be made upon proof satisfactory to the commissioner that such new matter or amendment was a part of the original invention, and was omitted from the specification by inadvertence, accident, or mistake, as aforesaid."

APPENDIX B.

Oath.

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.

MICHAEL J. KOHLER, the above named petitioner, being first duly sworn, deposes and says that he does verily believe himself to be the original, first and sole inventor of the improvement set forth and claimed in the foregoing specification and for which improvement he solicits a patent; that deponent does not know and does not believe that said improvement was ever before known or used; that deponent is a citizen of the United States of America, formerly residing in the City of Oakland, County of Alameda, State of California, and now resides in New York, in the County of New York, and State of New York; that deponent verily believes that the letters patent referred to in the foregoing petition and specification, and herewith surrendered, are inoperative for the reason that the specification thereof is insufficient, and that such insufficiency consists in the inclusion in the specification of erroneous, inappropriate, and confusing terminology; and the failure to include in the specification a proper and appropriate description of the invention in its broader aspects, and in the unnecessary limitation of the description and claims to specific details of construction which are not essential to the practice of the invention, and particularly in the failure to adequately claim his invention; and deponent further says that the errors which render such patent so inoperative arose from inadvertence and mistake and without any fraudulent or deceptive intention on the part of deponent; that the following is a true specification of the errors which it is claimed constitute such inadvertence and mistake relied upon:

The issuance of said patent to "The National Nut Company," whereas the correct name of deponent's assignee is — National Nut Company of California —.

The entitling of the invention with the specific name of a particular aspect of the invention, namely, "Nut Buttering Machine" instead of with a generic designation inclusive of all of the aspects and embodiments of the invention; namely — Apparatus for Treating Nuts —.

The use on page 1, line 1, of the words "This invention is a nut buttering machine" when in fact the invention is a mental concept relating to a nut treating apparatus of which the buttering of nuts is only one incidental purpose. The introductory phrase should have been — This invention relates to an apparatus —.

The use on page 1, line 5, of the words "The main object," where what follows the quotation relates merely to one of the incidental objects of the invention. The introduction to this paragraph should read — Among the objects —.

The erroneous description on page 1, line 30, of Fig. 1 of the drawings as a plan view of the invention, where the description should read — Fig. 1 is a plan view of one embodiment of the invention. —.

The inapt description on page 1, lines 32 and 33 of Fig. 3 as a view taken upon the line 3-3 of Fig. 1 where this positioning of Fig. 3 upon the sheet of drawings does not conform to the position in which a section taken upon the line 3-3 of Fig. 1 should be shown, but is at right angles thereto. The section line 3-3 should appear in a corresponding position on Fig. 2 of the drawings, and should be omitted from Fig. 1 of the drawings; and line 33 of the specification should read — taken upon the line 3-3 of Fig. 2 —.

The inapt description on page 1, lines 34 and 35, of Fig. 4 as a section taken upon the line 4-4 of Fig. 1 where the positioning of Fig. 4 upon the sheet of drawings does not conform to the position in which a section taken upon the line 4-4 of Fig. 1 should be shown, but is at right angles thereto. The section line 4-4 should be omitted from Fig. 1 of the drawings; and the description of Fig. 4 in lines 34 and 35 of the specification should read — Fig. 4 is an enlarged fragmentary vertical section of the front wall of the housing taken at right angles to the wall at any point intermediate its ends. —.

The use on page 1, line 40, of the words "The invention consists of," where the subject matter following the quoted words is specifically descriptive of the embodiment of the invention illustrated in the drawings, and not of the inventive concept of which the illustrated structure is only one embodiment; and the term "consists of" is inapt and erroneous in that it connotes a limitation excluding elements and structures other than those specifically mentioned, whereas it is obvious that other elements and structures are not only within the contemplation of the invention, but are actually illustrated in the drawings and embraced within the specification. The term "comprises" should have been used instead of the term "consisting of" so as to convey an inclusive rather than an exclusive meaning; and the introduction to the paragraph should read — The illustrated embodiment of the invention comprises—.

The use on page 1, lines 41 and 42, of the words "the front wall consisting of glass" where what follows clearly discloses that the wall does not "consist" of glass, but comprises a glass panel along with other materials and elements. The quoted statement should read — the front wall comprising a panel of glass—.

The use on page 1, lines 52 to 54, of the words "at the

center of each of which a shaft 20 is rotatably mounted in a vertical plane," where each shaft is clearly shown to be mounted in substantial alignment with the center of an opening upon bearings which are adjacent, but not "at," the center of the opening; and the term "plane" is inapt since the shaft could incline at any angle within a vertical plane whereas the shaft is disposed in a vertical position. The quoted phrase should read — aligned with the center of each of which a shaft is rotatably mounted in a vertical position —.

The use on page 1, lines 64 and 102, of the term "consisting of"; and in lines 93-94, and 99 of the term "consists of," where in each case the exclusive meaning of said terms is inaccurate and misleading as each of the elements referred to comprise other parts illustrated in the drawings in addition to those specifically mentioned in the specification. The term "consisting of" should be —comprising—; and the term "consists of" should be —comprises—.

The use on page 1, line 85, of the words "The shaft 20 extends through the axis of," where the expression should be — The shaft 20 is arranged axially with respect to—.

The use on page 1, lines 86, 93, and 96 and in Figures 3 and 5 of the drawings of the reference numeral "35" in connection with the spider upon which the nut containers seat, where that numeral had previously been used in the drawings and specification in reference to the switches controlling the heating elements. The reference numeral "35" should be —48— in each of lines 86, 93, and 96 of the specification, and in Figures 3 and 5 of the drawings.

The use on page 2, line 32, of the word "detracting" where the word —departing— obviously should have been used.

The omission to adequately claim the combination and co-relation of the elements of the invention in various aspects, and without limitation to specific and unnecessary details of the illustrative embodiment shown and described.

The omission to present claims commensurate with the invention.

Deponent also says that such errors so particularly specified, arose as follows: That his former attorney failed to grasp the full and broad significance of all of the novel features of the invention and omitted to adequately define and claim the invention in all of its aspects as hereinbefore enumerated; that deponent has no knowledge of the patent law or of the structure, scope, or significance of claims in a patent specification, and was unable to judge of the sufficiency of the claims in his application, and relied upon his attorney to secure adequate protection for his invention; that he was assured by his attorney in whom he had, at the time, complete confidence that the claims fully and adequately covered his invention; that the errors and insufficiencies of the specification and claims were inadvertently overlooked by him when the application was read by him prior to its execution; that the application was allowed by the Patent Office following the filing of a single amendment canceling the claims originally included in the application and inserting four new unnecessarily limited claims and making only minor amendments of the specification, and which amendment was filed without consultation with deponent; that the Patent Office allowed the application with the said four limited claims without further citation of references and without further prosecution; that when deponent was advised by his attorney of the allowance of the application with said four claims, his said attorney, who deponent then

and until very recently believed to be an attorney at law, and competent to judge upon such matters, assured deponent that such allowance of the claims was indicative of broad protection and that his invention was fully and adequately covered by such claims; and deponent so understood and believed when he received and read his patent, and so advised his assignee.

Deponent further says that he and his assignee rested secure in the belief of adequate protection covering his invention, and in his confidence in his attorney, until November, 1935 at which time circumstances attending certain pending litigation involving the present and other inventions prompted deponent and his assignee to seek advice relative to the extent of protection secured by various patents owned by deponent's assignee including the one referred to in the foregoing petition; that a search of prior art was made at the Patent Office, and the file wrapper of deponent's application along with prior patents disclosed by said search was examined by deponent's present counsel who thereupon pointed out to deponent and his assignee the errors, omissions, and insufficiencies hereinbefore specified; that deponent then realized for the first time the errors and inadequacy of his patent and steps were immediately taken through his present attorney toward filing a reissue application to remedy the defects hereinbefore recited.

(SEAL) MICHAEL J. KOHLER

Sworn to and subscribed before me this 13th day of Jan. 1936.

HYMAN FARRIER,
Notary Public in and for the County of Bronx and New York, State of New York.

Commission Expires March 30, 1937.